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Examination Report

Albert E. Leuthold
State Examiner

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HELENA, MONTANA
September 15, 1967

Honorable Tim M. Babcock
Governor of Montana
State Capitol Building
Helena, Montana

Re: Letter of Transmittal

Dear Governor Babcock:

We present in exhibit and explanation form the results of a special examination of the Department of Administration's Accounting Division. The examination was made by William D. Kuney, beginning on or about May 25, 1967, and has been under review until this writing.

The purpose of this special examination initially was to review what we considered the questionable propriety of a supervisor approving claims in favor of his relatives. Such claims were revealed during an examination of a State Agency indirectly related to the Department of Administration.

The scope of examination was limited to those qualifications specifically disclosed on page 41, and as elsewhere noted throughout the report.

The report reveals that Mr. Edmund A. Reuterdaahl, Director, Division of Accounting, Department of Administration, with many years of State service, did:

1. By fraudulent means misappropriate funds of the State of Montana for his own personal use or gain;
2. Employ questionable practices in the handling of State funds;
3. Assume responsibility beyond that which was expressly granted him.

The above is intended merely as a brief summary of that which is further detailed and supported throughout the report.

The recommendations contained herein, for the most part, are concerned with internal control, its absence and a means for its strengthening so that an adequate system of internal control could exist and function within the limits of this department's framework.

In conclusion, we wish to emphasize that:

1. The principals involved directly or indirectly were given ample opportunity to be heard in their own behalf with or without counsel, and in the presence of members of the Attorney General's office, County Attorney's office and of this department. Testimony to this effect is of official record.
2. The report presentation was by no means developed in a haphazard manner, but completed after long review, evaluation and in consultation with members of the offices of Attorney General, Auditor, Controller, and the Lewis and Clark County Attorney.
3. While as an examining agency adequate disclosure is a dictate, we have, within the limit of our ability, further attempted to clarify the events involving the principals named and in such a manner as to place these events in their proper perspective.

Respectfully,



ALBERT E. LEUTHOLD
State Examiner



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PREFACE TO SCHEDULE 1

The following schedule was compiled from existing records, documents and other supporting data, and reflects certain information regarding claims and warrants payable to Margie Reuterdaahl, wife of Edmund Reuterdaahl. Each claim and corresponding warrant is reflected in a separate item which will relate to a similar item number on subsequent schedules.

The footnotes following this schedule, also detailed by corresponding item numbers, provide additional information and explanation in regard to the items set forth on Schedule 1.

The term "object code" as used in Schedule 1 and throughout this report is synonymous with the term "account". This terminology, commonly used in the State accounting structure, refers to the expenditure coding classifications contained in the State of Montana "Program Chart of Accounts".

Repetition of names, terms, statements, conclusions and schedules is common throughout this report. However, to avoid confusion, it was determined necessary to treat each item in question as a separate entity and include as much detailed explanation as possible.

SCHEDULE OF CLAIMS SUBMITTED BY AND WARRANTS ISSUED TO "MARGIE REUTERDAHL"

Period From May 1965 through May 1967

<u>Item</u>	<u>Approval Date of Claim</u>	<u>Claim Number</u>	<u>Claimant per Claims Register</u>	<u>Warrant Number</u>	<u>Warrant Payable To</u>	<u>Amount</u>	<u>Object Code Charged</u>	<u>Warrant Endorsements</u>	<u>Date of Bank Endorsement</u>
1	5-19-65	703	Reuterda hl	660996	Margie Reuterda hl	\$ 450.00	0201	Margie Reuterda hl, Union Bank & Trust Co.	5-21-65
2	5-24-65	712	Reuterda hl	664323	Margie Reuterda hl	200.00	0201	Margie Reuterda hl, Union Bank & Trust Co.	5-27-65
3	6-18-65	787	Reuterda hl	682364	Margie Reuterda hl	250.00	0215	Margie Reuterda hl, Union Bank & Trust Co.	7-21-65
4	9-13-65	153	Montana Power Co.	750108	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	9-15-65
5	9-17-65	170	Payroll	753726	Margie Reuterda hl	250.00	0415	Margie Reuterda hl, Union Bank and Trust Co.	9-24-65
6	11-26-65	342	Modern Paint	818097	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	11-29-65
7	12-28-65	440	Montana Power Co.	842449	Margie Reuterda hl	450.00	0415	Union Bank & Trust Co.	12-29-65
8	1-14-66	493	I.B.M. Corp.	850855	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	1-21-66
9	2-24-66	608	I.B.M. Corp.	887310	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	2-28-66
10	3-23-66	679	I.B.M. Corp.	906862	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	3-25-66
11	4-22-66	763	I.B.M. Corp.	933284	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	4-25-66
12	5-19-66	845	I.B.M. Corp.	953055	Margie Reuterda hl	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	5-24-66

SCHEDULE OF CLAIMS SUBMITTED BY AND WARRANTS ISSUED TO "MARGIE REUTERDAHL" - continued

<u>Item</u>	<u>Approval Date of Claim</u>	<u>Claim Number</u>	<u>Claimant per Claims Register</u>	<u>Warrant Number</u>	<u>Warrant Payable To</u>	<u>Amount</u>	<u>Object Code Charged</u>	<u>Warrant Endorsements</u>	<u>Date of Bank Endorsement</u>
13	6-22-66	922	I.B.M. Corp.	981323	Margie ReuterdaHL	\$ 450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	6-24-66
14	6-30-66	960	I.B.M. Corp.	994010	Margie ReuterdaHL	250.00	0415	Margie ReuterdaHL, Union Bank	7-7-66
15	7-29-66	60	M. ReuterdaHL	014663	Margie ReuterdaHL	200.00	0415	Margie ReuterdaHL, Union Bank	8-16-66
16	8-25-66	125	M. ReuterdaHL	034654	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	8-26-66
17	9-27-66	201	ReuterdaHL	062091	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	9-27-66
18	10-21-66	293	Margie ReuterdaHL	076112	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	10-25-66
19	11-18-66	370	Margie ReuterdaHL	102036	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	11-23-66
20	12-16-66	453	M. ReuterdaHL	130499	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	12-17-66
21	1-24-67	552	M. ReuterdaHL	161396	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	1-25-67
22	2-21-67	617	M. ReuterdaHL	186946	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	2-24-67
23	3-18-67	687	Margie ReuterdaHL	209691	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	3-24-67
24	4-18-67	773	M. ReuterdaHL	235047	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	4-25-67
25	5-22-67	877	M. ReuterdaHL	263858	Margie ReuterdaHL	450.00	0415	Credited to the Account of the Within Named Payee - Union Bank	5-25-67
Total Warrants Issued to Margie ReuterdaHL for Period						\$ <u>10,150.00</u>			

SCHEDULE OF CLAIMS SUBMITTED BY AND WARRANTS ISSUED TO "MARGIE REUTERDAHL" - continued

*RECAPITULATION

Six warrants endorsed "Margie Reuterdaahl" - Items 1, 2, 3, 5, 14 and 15		\$ 1,600.00
Fourteen warrants crediting the account of the within named payee - Items 4, 6, 8, 9, 10, 11, 12, 13, 17, 18, 21, 22, 24 and 25	\$ 6,300.00	
Four warrants endorsed as noted on the previous line, but including an account number "62-615" - Items 16, 19, 20 and 23	1,800.00	
One warrant which includes only a bank cancellation stamp on the endorsement side of the warrant - Item 7	<u>450.00</u>	<u>8,550.00</u>
Total		\$ <u>10,150.00</u>

*This Recapitulation is intended only to set out those warrants whose endorsements differ.

EXPLANATION OF SCHEDULE 1 COLUMNS

1. Item Number -
The item number will indicate each separate transaction in chronological order from May 1965 to May 1967. This number will also relate to corresponding item numbers on subsequent schedules.
2. Approval Date of Claim -
The date reflected here will generally apply to both the claim and warrant. If different, the date of the warrant should be no more than two days after the date of the claim.
3. Claim Number - Self-explanatory.
4. Claimant as Entered in Claims Register -
The names reflected in this column are exactly as they appear in the Department of Administration's claims and warrants register.
5. Warrant Number -
Number of the warrant issued by authority of the corresponding claim.
6. Payable to - The payee as reflected on the warrant.
7. Amount - The amount reflected on both the claim and warrant.
8. Object Code Charged -
The object codes reflected herein indicate the type of service performed:
0201 - Accounting Division salaries, 0215 - Accounting Division contracted services, and 0415 - General Services Division contracted services.
9. Warrant Endorsements -
The signatures, business or bank cancellation stamps reflected on the reverse side of the warrant.
10. Date of Bank Endorsement -
The date on a bank cancellation stamp, reflected on the reverse side of the warrant.

FOOTNOTES TO SCHEDULE 1

Item

1. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "Stenographic and clerical services" and was charged as a salary item to the Accounting Division. The claim provides no itemization which would indicate the time worked or the rate per hour, day or month.
2. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For services typing reports" and was charged as a salary item to the Accounting Division. It is noted that warrants in Items 1 and 2 total \$650.00 and were both issued and cashed in May, 1965. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
3. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For typing services" and was charged as a contracted service to the Accounting Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
4. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For clerical services" and was charged as a contracted service to the General Services Division. The entry in the claims register indicated that it was a Montana Power payment by the use of ditto marks referring to the previous entry of a Montana Power claim. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
5. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For clerical services" and was charged as a contracted service to the General Services Division. The entry in the claims register indicated that it was a payroll claim by the use of ditto marks referring to the previous entry of a payroll claim. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
6. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The entry in the claims register indicated that it was a payment to Modern Paint. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
7. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The entry in the claims register indicated that it was a payment to Montana Power. The warrant endorsement reflected only the Union Bank stamp. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
8. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The entry in the claims register indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
9. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
10. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

11. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
12. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
13. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
14. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claims register entry indicated that it was a payment to I.B.M. Corporation. It is noted that warrants in Items 13 and 14 total \$650.00 and were both issued in June, 1966. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.
15. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterda~~h~~l", however, there is reason to conclude that this name was entered in the register at a later date. A ditto mark is evident as part of the "t" cross in "Reuterda~~h~~l" and was apparently intended to refer to the Montana Power entry on the previous two lines; and also, the ink appears to be a shade darker on this entry than all others on the page.

16. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterda~~h~~l", however, there is reason to conclude that the name was entered in the register at a later date. A ditto mark is evident as part of the "t" cross in "Reuterda~~h~~l" and was apparently intended to refer to the Montana Power entry on the previous two lines. The warrant, in addition to the endorsement reflected on Schedule 1, includes a number 62-615, which appears to be a personal checking account number.

17. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "Reuterda~~h~~l", however, there is reason to conclude that this name was entered in the register at a later date. A ditto mark evident at the top of the "e" in "Reuterda~~h~~l" would apparently refer to the Montana Power entry on the previous line; also, the ink on this entry appears to be a shade darker than all others on the page.

18. This claim is signed "Margie Reuterda~~h~~l" and approved "E A Reuterda~~h~~l". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "Margie Reuterdahl", however, there is reason to conclude that this name was entered in the register at a later date. A ditto mark is evident as part of the "t" cross in "Reuterdahl" and was apparently intended to refer to the Montana Power entry on the previous two lines.

19. This claim is signed "Margie Reuterdahl" and approved "E A Reuterdahl". It specifies "For typing and clerical services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "Margie Reuterdahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident at the top of the first "e" in "Reuterdahl" and was apparently intended to refer to the Montana Power Company entry on the previous two lines. The warrant endorsement includes a number "62-615", which appears to be a personal checking account number.

20. This claim is signed "Margie Reuterdahl" and approved "E A Reuterdahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterdahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident as the "t" cross in Reuterdahl and was apparently intended to refer to the I.B.M. Corporation entry on the previous two lines. The warrant endorsement includes a number "62-615" which appears to be a personal checking account number.

21. This claim is signed "Margie Reuterdahl" and approved "E A Reuterdahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterdahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident as part of the "t" cross in "Reuterdahl" and was apparently intended to refer to the Montana Power entries on the previous two lines.

22. This claim is signed "Margie Reuterdahl" and approved "E A Reuterdahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterdahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident as part of the "t" cross in "Reuterdahl" and was apparently intended to refer to the Montana Power entries on the previous three lines.

23. This claim is signed "Margie Reuterdahl" and approved "E A Reuterdahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "Margie Reuterdahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident at the top of the "ie" in "Margie" and was apparently intended to refer to the I.B.M. Corporation entries on the previous two lines; also, the ink on this entry appears to be a shade darker than on all others on the page. It is noted that "Margie" was entered on the second line of I.B.M. Corporation entries, indicated as such by ditto marks, and then crossed out to be re-entered on the third line. By appearance, all of this was done after the ditto marks had been entered on the second and third line of the I.B.M. Corporation entries. The warrant endorsement includes a number "62-615" which appears to be a personal checking account number.

24. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterdaahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident as the "t" cross in "Reuterdaahl" and was apparently intended to refer to the Montana Power Company entries on the previous three lines.

25. This claim is signed "Margie Reuterdaahl" and approved "E A Reuterdaahl". It specifies "Clerical and typing services" and was charged as a contracted service to the General Services Division. The claim provides no itemization which would indicate the time worked or rate per hour, day or month.

The entry in the claims register is "M. Reuterdaahl", however, there is reason to conclude that this name was entered at a later date. A ditto mark is evident at part of the "t" cross in "Reuterdaahl" and was apparently intended to refer to the Montana Power Company entries on the previous three lines.

PREFACE TO SCHEDULE 2

The following schedule was compiled from existing records, documents and other supporting data. It reflects warrants payable to Margie Reuterdaahl and certain refund deposits with the State Treasurer which give the appearance of being refunds of the stated warrants. While they denote this characteristic, in effect, the related transactions are merely a series of warrant substitutions.

The footnotes following this schedule, also detailed by corresponding item numbers, provide additional information and explanation in regard to the items set forth on Schedule 2.

SCHEDULE OF REFUND DEPOSITS RELATIVE TO WARRANTS ISSUED TO MARGIE REUTERDAHL

<u>Item No.</u>	<u>Date of Warrant</u>	<u>Warrant Number</u>	<u>Payable to</u>	<u>Amount</u>	<u>Object Code Charged</u>	<u>Date of Re-deposit</u>	<u>Treas. Receipt No.</u>	<u>Amount</u>	<u>Object Code Refunded</u>	<u>Amount</u>	<u>Warrant No. Treas. Copy Temp. Deposit Slip</u>	<u>Warrant No. Dept. Copy Temp. Deposit Slip</u>
1.	5-19-65	660996	Margie Reuterdahl	\$ 450.00	0201	5-25-65	6010	\$ 900.00	0201	\$ 900.00	631267	Missing
2.	5-24-65	664323	Margie Reuterdahl	200.00	0201	6-11-65	6315	950.00	0201 0215	200.00 750.00	None	Missing
3.	6-16-65	682364	Margie Reuterdahl	250.00	0215	6-11-65	6315	950.00	0215	See Item 2 above		
4.	9-13-65	750108	Margie Reuterdahl	450.00	0415	9-22-65	1692	450.00	0415	450.00	753897	Missing
7.	12-28-65	842449	Margie Reuterdahl	450.00	0415	12-30-65	3630	450.00	0415	450.00	829759	842449
10.	3-23-66	906862	Margie Reuterdahl	450.00	0415	3-25-66	5457	450.00	0415	450.00	904251	906862
13.	6-22-66	981323	Margie Reuterdahl	450.00	0415	6-27-66	7257	450.00	0415	450.00	None	976260
14.	6-30-66	994010	Margie Reuterdahl	250.00	0415	6-29-66	7333	363.54	0413 0415	13.54 350.00	See Footnotes " "	
17.	9-27-66	062091	Margie Reuterdahl	450.00	0415	9-29-66	1764	450.00	0415	450.00	049770	062091
19.	11-21-66	102036	Margie Reuterdahl	450.00	0415	11-18-66	2747	450.00	0415	450.00	None	102036
20.	12-16-66	130499	Margie Reuterdahl	450.00	0415	12-21-66	3415	450.00	0415	450.00	130534	130499
21.	1-24-67	161396	Margie Reuterdahl	450.00	0415	1-27-67	4203	450.00	0415	450.00	None	161396
22.	2-21-67	186946	Margie Reuterdahl	450.00	0415	2-28-67	4883	450.00	0415	450.00	None	186946
23.	3-20-67	209691	Margie Reuterdahl	450.00	0415	3-24-67	5363	450.00	0415	450.00	209865	209691

EXPLANATION OF SCHEDULE 2 COLUMNS

1. Item Number - This corresponds to the same transaction and item number as reflected on Schedule 1.
2. Date of Warrant - Self-explanatory.
3. Warrant Number - Self-explanatory.
4. Payable to - The payee as reflected on the warrant.
5. Amount - The warrant amount.
6. Object Code Charged - 0201 - Accounting Division salaries, 0215 - Accounting Division contracted services, 0415 - General Services Division contracted services, as per coding schedule in the "State of Montana Accounting Manual".
7. Date of Redeposit - The date reflected on the State Treasurer's official receipt or corresponding temporary deposit slip.
8. Treasurer's Receipt Number - The number of the State Treasurer's official receipt.
9. Amount - Generally the same as Column 5 - differences are explained in the footnotes.
10. Object Code Refunded - The object codes as reflected on the State Treasurer's official receipt.
11. Amount - This relates to Columns 5, 9 and 10 - differences are explained in the footnotes.
12. Warrant No. Treas. Copy Temp. Deposit Slip - Warrant number listed on the Treasurer's copy of the temporary deposit slip. The number of a State warrant which appears on the original copy of a temporary deposit slip retained on file in the State Treasurer's office. The notation "none" indicates that an identifying warrant or check number is not present on the deposit slip.
13. Warrant No. Dept. Copy Temp. Deposit Slip - Warrant number listed on the Department of Administration's copy of the temporary deposit slip. The warrant number reflected on this deposit slip should be exactly the same as that of the Treasurer's copy (Column 12) in that it is a duplicate copy. This copy is stamped paid by the State Treasurer when the deposit is made and then filed in the Department of Administration. In the Department's files, these deposit slips were generally attached to the original copies of Treasurer's receipts. The notation "missing" indicates that both the Department of Administration's copy of the Treasurer's receipt and the corresponding temporary deposit slip are missing from the Department's files.

FOOTNOTES TO SCHEDULE 2

Item

1. This deposit could relate to two \$450.00 warrants issued just prior to this deposit and charged to object code 0201 (Accounting Division salaries). One warrant was issued to Margie Reuter Dahl as noted in this schedule; the other is reflected on a subsequent schedule. However, the corresponding deposit of \$900.00 was actually a warrant issued by the Board of Health for janitor and electric services but credited to object code 0201, which has no relation to janitor or electric services. Therefore, in view of this unusual procedure there appears to be a relation between the warrant issued to Margie Reuter Dahl and this deposit.
2. A deposit was made on June 10, 1965, and reflected on separate Treasurer's receipts as follows:

Treasurer's Receipt No. 6315 - Refund object code 0201	\$	200.00
Refund object code 0215		750.00
Treasurer's Receipt No. 6316 - Refund object code 0413		<u>128.29</u>
Total	\$	1,078.29

Although the temporary deposit slips for the above Treasurer's receipts had no warrant numbers listed, the following warrants to the Department of Administration are noted as being issued prior to June 10, 1965, and are assumed to be those comprising the two deposits:

<u>Date</u>	<u>Issued</u>	<u>Number</u>	<u>For</u>	<u>From</u>	<u>Amount</u>
May	1965	674623	Gas service	U.C.C.	\$ 211.25
Apr.	1965	652090	Gas service	Governor's Mansion	96.24
May	1965	657750	Machine rental	Board of Health	61.66
Apr.	1965	632986	Gas service	Highway Comm.	392.55
May	1965	654902	Gas service	Highway Comm.	<u>316.59</u>
Total					\$ 1,078.29

From the foregoing information it can be assumed that warrants comprising the two deposits should have been almost entirely credited to object code 0413 (utilities), with the remainder to object code 0215 (contracted services for machine rental). Therefore, it is also reasonable to assume that the \$200.00 credited to object code 0201 had no relation to the warrants comprising the deposit. Therefore, it seems that this procedure was intended to indicate that the warrant issued to Margie Reuter Dahl had been redeposited with the State Treasurer as a refund.

3. This refund deposit, Treasurer's Receipt 6315, in part could relate to a warrant issued to Margie Reuter Dahl on June 16, 1965. This \$250.00 appears to be a part of the \$750.00 refund credited to object code 0215 as noted in Item 2. The balance of \$500.00 is reflected on another schedule.
4. This refund deposit could relate to a warrant issued to Margie Reuter Dahl on September 13, 1965. The warrant deposited (753897) with the State Treasurer had been issued by the Board of Health to the Department of Administration for janitor and electric services. It is noted that the Treasurer's receipt reflects the entire \$450.00 as being credited to object code 0415 (contracted services), when only half (for janitor services) should have been credited this object code.

7. The warrants issued to Margie Reuterdaahl, listed in Items 1 through 4, appeared to relate to warrants deposited as refunds by similarity of amounts, dates warrants were issued and deposited, and object codes charged.

On Item 7, however, the number of the warrant issued to Margie Reuterdaahl is the same as the warrant number listed on the temporary deposit slip attached to Treasurer's Receipt 3630, filed in the Department of Administration, while the warrant number listed on the Treasurer's copy of the same temporary deposit slip is different. The number on the Treasurer's copy is that of a warrant issued by the Board of Health to the Department of Administration for electric and janitor services. The entire amount was credited to object code 0415, the same code which Margie Reuterdaahl's warrant was charged.

The temporary deposit slips appeared to be duplicates and identical in every respect except for the warrant numbers listed. Therefore, it can only be assumed that Margie Reuterdaahl's warrant number, by appearance on the deposit slip, was intended to give the appearance of having been redeposited.

10. As noted in Item 7, the duplicate temporary deposit slips reflect different warrant numbers. The Department's copy reflects the number of a warrant payable to Margie Reuterdaahl; the Treasurer's copy reflects the number of a warrant issued by the Board of Health to the Department of Administration for janitor and electric services.
13. As noted in Items 1 through 4, there appears to be a relation by virtue of date, amount and object code between the warrant issued to Margie Reuterdaahl and one issued by the Board of Health, 976260, dated June 17, 1966, payable to the Department of Administration for janitor and electric services.
14. As noted in Items 1 through 4, there appears to be a relation by virtue of date, amount and object code, between the warrant issued to Margie Reuterdaahl and warrants issued to the Department of Administration by other State departments for the apparent intention of suggesting that her warrant had been redeposited to State funds.

This deposit consisted of Highway Commission Warrant 944411 (\$258.27), Mansion Warrant 970892 (\$92.67), and Livestock Commission Warrant 981980 (\$12.60) totalling \$363.54. The billing claims indicate that the charges were for gas service; however, as noted on Schedule 2 only \$13.54 was credited to 0413 (utilities) and the remaining \$350.00 was credited to 0415 (contracted services). Of this \$350.00, \$250.00 could relate to Margie Reuterdaahl's warrant - leaving \$100.00, which is reflected on a subsequent schedule.

17. As noted in Item 7, the duplicate temporary deposit slips for Treasurer's Receipt 1764, reflect different warrant numbers. The Department's copy reflects the number of a warrant payable to Margie Reuterdaahl; the Treasurer's copy reflects the number of a warrant issued on September 19, 1966, by the Board of Health to the Department of Administration for janitor and utilities services.
19. The Department's copy of the temporary deposit slip for Treasurer's Receipt 2747 reflects the number of the warrant payable to Margie Reuterdaahl. The Treasurer's copy had no warrant number listed - only the amount of the deposit, \$450.00.

An unusual characteristic of the item is that Warrant 102036, payable to Margie Reuterdaahl, is dated November 21, 1966, while the temporary deposit slip for the supposed refund of Warrant 102036 is dated November 17, 1966 - four days prior to the issuance of the warrant. It can only be assumed that the warrant number was typed on the Department's copy of the temporary deposit slip some time after the deposit was made. The original and duplicate copy of this deposit slip are exact in every respect except that the wording "State Warr. 102036 - \$450.00" did not appear on the original copy which is filed in the Treasurer's office.

The money was actually part of a deposit (Treasurer's Receipt 2746) on the same date for utilities charges. The temporary deposit slip for this deposit lists eleven separate warrants totalling \$708.66. At the bottom a notation "Less \$450.00" and a balance of \$258.66 is reflected, which is the amount of Treasurer's Receipt 2746. The \$450.00 was reflected on Treasurer's Receipt 2747 as noted above. The temporary deposit slip for Treasurer's Receipt 2747 reflects the notation "Make separate receipt for this". It can, therefore, be assumed that these Treasurer's Receipts and deposit slips are directly related which further supports the theory that an apparent attempt was made to indicate that warrants payable to Margie Reuterdaahl had been refunded.

20. The duplicate temporary deposit slips for Treasurer's Receipt 3415 are identical in every respect except for the warrant numbers. The number reflected on the Department's copy is the same as that on the warrant payable to Margie Reuterdaahl; while the number on the Treasurer's copy of the temporary deposit slip is that of a warrant issued by the Board of Health to the Department of Administration for janitor and utility services.
21. The Department's duplicate copy of the temporary deposit slip for Treasurer's Receipt 4203 reflects the number of a warrant payable to Margie Reuterdaahl. The Treasurer's copy is identical in every respect except that no warrant number is listed, and a notation "Separate Receipt - see also 4204" is included.

As noted in paragraph three of Item 19, a single deposit of payments made to the Department was split on two Treasurer's Receipts, for the apparent purpose of reflecting a refund to object code 0415 of \$450.00 - the amount of the warrant payable to Margie Reuterdaahl. Five separate warrants are reflected on the temporary deposit slip for Treasurer's Receipt 4204 which total \$549.49. On this slip is the notation "Less \$450.00" and a balance of \$99.49, which is the amount of the Treasurer's Receipt.

22. The Department's duplicate copy of the temporary deposit slip for Treasurer's Receipt 4883 reflects the number of a warrant payable to Margie Reuterdaahl. The Treasurer's copy is identical except that no warrant number is listed and a notation "Separate Receipt please" is included.

As noted in paragraph three of Item 19, a single deposit of payments made to the Department was split on two Treasurer's Receipts for the apparent purpose of reflecting a refund to object code 0415 of \$450.00 - the amount of a warrant payable to Margie Reuterdaahl. The two separate warrants which are reflected on the temporary deposit slip, for Treasurer's Receipt 4882, total \$747.95 and both were for utilities payments. On this slip is the notation "Less \$450.00" and a balance of \$297.95.

23. The duplicate temporary deposit slips for Treasurer's Receipt 5363 are identical in every respect except for the warrant numbers. The number reflected on the Department's copy is the same as that on the warrant payable to Margie Reuterdaahl; while the number on the Treasurer's copy is that of a warrant issued by the Board of Health to the Department of Administration for janitor and utility services.

It is noted that the amount indicated as redeposited and credited to 0415, from July 1, 1966, through May, 1967, (Items 17 through 23 of Schedule 2), amounted to \$2,700.00. In addition, a review of all refund deposits indicated that three additional deposits throughout the same period not relating to the individual amounts of \$450.00, totalling \$1,870.92, were credited to object code (contracted services) 0415, also. These three deposits consisted of warrants payable for utility services (0413) - not contracted services. Therefore, a total of \$4,570.92 was credited to 0415 during this period. From Schedule 1 it is noted that the warrants payable to Margie Reuterdaahl for the same period amounted to \$4,700.00.

These figures would indicate that almost all the warrants payable to Margie Reuterdaahl and charged 0415 were offset by refund deposits credited to 0415, all of which were actually utilities payments chargeable to 0413. A similar review of the period from July 1, 1965 through June 30, 1966, revealed almost the same pattern.

As a conclusion to the items set forth on Schedule 2 and the subsequent explanations based on existing records and documents, it can only be assumed that the intention of these procedures was:

1. To give the appearance that warrants issued to Margie Reuterdaahl were being redeposited to State funds.

This, in some instances, is clearly indicated by the presence of different warrant numbers on the duplicate copies of temporary deposit slips for a single deposit. The original copy of the temporary deposit slip accompanying a deposit would reflect the correct number of the warrant being deposited, however, the duplicate of the same temporary deposit slip, which would be filed in the Department of Administration for record, would reflect the number of a warrant previously issued to Margie Reuterdaahl. It can be concluded that none of the warrants payable to Margie Reuterdaahl were deposited with the State Treasurer, in that almost all warrants reflected a bank endorsement stamp "credited to the account of the within named payee"; and none had a State Treasurer's endorsement stamp which would indicate deposit with the Treasurer.

In other instances, it is only suggested by virtue of the similar amounts of certain warrants issued, dates of warrants, object codes charged and object codes refunded.

2. To replenish the General Services object code which the warrants payable to Margie Reuterdaahl were generally charged.

This object code, 0415 (contracted services), was primarily used for charging Creek's Maintenance, the janitor service for State buildings. The annual cost of this service was nearly a fixed amount, therefore, any additional charges to this coding would be noticeable. By refunding this object code, the net effect would provide a neutralizing factor which would not be out of proportion and readily noticeable. This review indicated that most warrants deposited as a refund to 0415 (contracted services) were actually for utilities services and should have been credited to 0413 (utilities).

PREFACE TO SCHEDULE 3

The following schedule was compiled from existing records, documents and other supporting data, and reflects certain purchases of equipment which appear to be intended for other than Department of Administration purposes. The unusual treatment involving these transactions, as noted herein, would give credence to this conclusion. Information derived from existing records and documents support such a conclusion.

The footnotes following this schedule, detailed by corresponding item numbers, provide additional information and explanation for the items set forth on Schedule 3.

SCHEDULE OF PURCHASES BY EDMUND REUTERDAHL FOR OTHER THAN DEPARTMENTAL PURPOSES

<u>Item</u>	<u>Purchase</u>	<u>Date</u>	<u>Claim Number</u>	<u>Amount</u>	<u>Warrant Number</u>	<u>Object Code Charged</u>	<u>Date Rede- posited</u>	<u>Treas. Receipt No.</u>	<u>Amount</u>	<u>Object Code Refunded</u>	<u>Warrant No. Treas. Copy Temp. Deposit Slip</u>	<u>Warrant No. Dept. Copy Temp. Deposit Slip</u>
A.	2-D11205 Attache' Case	11-15-64	270	\$ 20.40	510479	0221	10-26-64	2076	\$ 20.40	0221	496628	Missing
B.	6500 - 414 Sawzall 49-22-1080 Blade Kit	5-10-65	690	95.89	656679	0221	5-12-65	5777	95.89	0221	650688	Edmund ReuterdaHL
C.	513 Skil Hedge Trimmer	8-3-66	63	27.28	017123	0421	7-29-66	585	27.28	0421	None	Edmund ReuterdaHL
D.	700 Paint Sprayer and Attachments	8-5-66	72	62.71	018245	0421	8-3-66	689	62.71	0421	None	Edmund ReuterdaHL
	Sub-total			\$ 206.28					\$ 206.28			
E.	S.A. 61 Leathercraft Surdex Attache' Case	12-20-66	462	18.70	136639	0311	None					
	Total			\$ <u>224.98</u>					\$ <u>206.28</u>			

FOOTNOTES TO SCHEDULE 3

Item

- A. This purchase is one of four items purchased from Blewett Business Machines totalling \$42.42 and included on Claim 270.

Included in the Accounting Division files is Treasurer's Receipt 2076 with a "Delivery Receipt No. 6718" from Blewett Business Machines attached. This delivery receipt includes the description of an attache' case, costing \$24.00 less a 15% discount for a net amount of \$20.40 and signed "E. A. Reuterdaahl". A duplicate copy of the corresponding temporary deposit slip was not attached to this Treasurer's Receipt.

The original temporary deposit slip for this Treasurer's Receipt, on file in the Treasurer's office, reflects "State Warrant #496628 \$20.40" as a deposit (refunded to object code 0221, Accounting Division capital equipment). Warrant 496628 was, however, one from the Highway Commission amounting to \$207.15 for utilities charges (0413).

It is noted that Treasurer's Receipt 2077 dated October 26, 1964, amounting to \$186.75, is a refund to object code 0413 (utilities). Its corresponding temporary deposit slip also reflects "State Warrant #496628", but for \$186.75. Treasurer's Receipts 2076 and 2077 amount to \$207.15, the exact amount of the warrant from the Highway Commission.

Therefore, it can only be assumed that the deposit of \$20.40 was intended to appear as a refund of the attache' case apparently purchased by and for Edmund Reuterdaahl. This attache' case is not evident as part of the Department of Administration's inventory.

- B. This purchase is a saw attachment, with accessories, for a power drill and was purchased from Carl Weissman & Sons, Inc., at \$97.85 less 2% discount for a net of \$95.89.

Treasurer's Receipt 5777, dated May 12, 1965, on file in Accounting Division files indicates a refund of this purchase, in that the corresponding temporary deposit slip reflects "Edmund Reuterdaahl \$95.89" as the depositor and a refund to object code 0221, Accounting Division capital equipment.

The original temporary deposit slip which is filed in the State Treasurer's office appears identical to the one noted above except "Warrant No. 650688 \$95.89" is reflected in place of "Edmund Reuterdaahl \$95.89". Warrant 650688, however, was one from the Unemployment Compensation Commission amounting to \$208.91 for utilities charges (0413) and payable to the Department of Administration.

It is noted that Treasurer's Receipt 5778, dated May 12, 1965, amounts to \$113.02, and is a refund to object code 0413 (utilities). Its corresponding temporary deposit slip also reflects "Warrant No. 650688" but for \$113.02. Treasurer's Receipts 5777 and 5778 amount to \$208.91, the exact amount of the warrant from U.C.C. The Treasurer's copies of temporary deposit slips 5777 and 5778 both have the notation "Separate Receipt" on them.

Therefore, it can only be assumed that the deposit of \$95.89 was intended to appear as a refund of the saw attachment apparently purchased by and for Edmund Reuterdaahl. This piece of equipment is not evident as part of the Department of Administration's inventory.

- C. Claim 63, submitted by Carl Weissman and Sons for the purchase of a hedge trimmer and on file in Accounting Division's master files, has a Xerox copy of Treasurer's Receipt 585 attached, which gives the indication that the cost of this purchase was refunded to the State.

The original Treasurer's Receipt (585) has a temporary deposit slip attached which reflects "Edmund Reuterdaahl \$27.28" on it. The original copy of this temporary deposit slip, on file in the Treasurer's office, appears identical in every respect except that it has only the amount of the deposit listed. No indication of what the deposit consisted of in terms of cash, currency or checks, was noted. Both copies indicate the deposit was a refund to object code 0421, capital equipment.

It is noted that both the original and duplicate copies of the temporary deposit slips for Treasurer's Receipt 584 reflect two items, \$306.95 and \$207.51, totalling \$514.46, as being deposited. These two items are not identified as either checks or State warrants. However, the \$306.95 plus the \$27.28 reflected on Treasurer's Receipt 585 equals the amount of Warrant 919477 for \$334.23 issued April 8, 1966, by the Highway Commission to the Department of Administration for utilities services. The \$207.51 relates to Warrant 996624 issued July 8, 1966, by U.C.C. to the Department of Administration for utilities services. The total amount of these two warrants equals the total amount of the two Treasurer's Receipts, 584 and 585.

Therefore, it can only be assumed that the deposit of \$27.28 was intended to appear as a refund of the hedge trimmer, apparently purchased by and for Edmund Reuterdaahl. This piece of equipment is not evident as part of the Department of Administration's inventory of capital equipment.

- D. Claim 72, submitted by Morris Rudio for the purchase of a paint sprayer with attachments and on file in the Accounting Division's master files, has a Xerox copy of Treasurer's Receipt 689, dated August 3, 1966, attached which gives the indication that the cost of this purchase was refunded to the State.

The original Treasurer's Receipt (689) has a temporary deposit slip attached which reflects "Edmund Reuterdaahl \$62.71" on it. The original copy of the temporary deposit slip, on file in the State Treasurer's office, appears identical in every respect except that it has only the amount of the deposit listed. No indication of what the deposit consisted of in terms of cash, currency or checks was noted. Both copies indicate the deposit was a refund to object code 0421, capital equipment.

There appears to be a relation between Treasurer's Receipt 688 and 689, in that the original copies of the temporary deposit slips for these receipts reflect the notation "Separate Receipt". Temporary deposit slip 688 reflects the following cash items:

"State Warrant No. 955149	\$ 236.38"	- U.C.C.
" " " 971967	175.47"	- Highway Commission
" " " 997491	61.15"	- Highway Commission
" " " 002710	<u>49.71"</u>	- Mansion
	\$ 522.71	

Treasurer's Receipt 688 and both copies of the temporary deposit slips reflect totals of \$460.00, \$62.71 less than the amount of the warrants listed above, which is the exact amount of Treasurer's Receipt 689.

The warrants listed above were issued by the agencies specified and were all for utilities charges (0413). It is noted, however, that \$460.00 of the total was refunded to object code 0415 (contracted services - General Services Division), and \$62.71 to object code 0421 (capital equipment - General Services Division).



Therefore, it can only be assumed that the deposit of \$62.71 was intended to appear as a refund of the paint sprayer, apparently purchased by and for Edmund Reuterdaahl. This piece of equipment is not evident as part of the Department of Administration's inventory.

- E. This purchase was included on Claim 462, which included other supplies. The cost of this attache' case was \$22.00 less a 15% discount of \$3.30.

It varies from Items A through D in these respects:

1. This purchase was charged to 0311, supplies and materials, Division of Architecture, rather than 0321 - capital equipment.
2. There was no evidence that any refund of this amount had been made.

Personnel in the Division of Architecture had no knowledge that such a case had been purchased and charged to their budget. Personnel in all other divisions of the Department of Administration were unaware of such a purchase. A check with the claimant indicated that Edmund Reuterdaahl had signed a receipt of delivery for the attache' case. (A copy of this delivery receipt is part of this item's supporting documents file.)

Since this attache' case is unaccounted for and since Edmund Reuterdaahl approved this claim, it would appear that only he had knowledge as to its disposition; and since this disposition apparently had no relation to the Department of Administration, it would seem a questionable and irregular expenditure.

Based on existing records and supporting documentation, the pattern revealed in Items A through D resembles that indicated in Schedules 1 and 2, which was the procedure of depositing warrants issued by other State Agencies for utility charges in such a manner that they would appear to be refund deposits of a service or purchase. In addition, the name "Edmund Reuterdaahl" appearing on the duplicate copies of three of the temporary deposit slips would be an indication that they were intended to appear as personal refunds. It is noted, however, that none of the refund deposits listed as "Edmund Reuterdaahl" on the temporary deposit slips indicated a personal check number although they were all listed under the "check" section of the deposit slip.

PREFACE TO SCHEDULE 4

The following schedule was compiled from existing records, documents and other supporting data, and reflects jury warrants issued by the District Court in Lewis and Clark County to Edmund A. Reuterdahl during the period from January through June, 1964. Also, this schedule reflects what appears to be refunds of some of these jury payments by Edmund A. Reuterdahl to the State. Certain information was provided by the Lewis and Clark County Clerk and Recorder's office by request of this examiner.

The footnotes following this schedule provide additional information and explanation in regard to the items set forth on Schedule 4.

SCHEDULE OF JURY WARRANTS ISSUED TO EDMUND REUTERDAHLFROM LEWIS AND CLARK COUNTY DISTRICT COURT

<u>Date Issued</u>	<u>Lewis and Clark County Warrant Number</u>	<u>Amount</u>	<u>Refund Deposit Treasurer's Receipt Number</u>	<u>Date of Temp. Deposit Slip</u>	<u>No. of State Warrant Deposited</u>	<u>Amount</u>	<u>Object Code 0201 Refunded</u>	<u>Object Code 0413 Refunded</u>	<u>State Warrants Issued By</u>
1-29-64	18470	\$ 10.00							
2-24-64	18523	10.00							
2-26-64	18525	20.00	4221	3-6-64	318165	\$ 302.15	\$ 30.00	\$ 272.15	Unemployment Compensation Commission
3-31-64	18566	30.00							
4-16-64	18596	30.00	4900	4-16-64	342793	353.67	30.00	323.67	Highway Commission
6-4-64	18647	10.00							
6-8-64	18675	30.00	5986	6-17-64	363337	293.59	30.00	263.59	Unemployment Compensation Commission
Totals		\$ <u>140.00</u>					\$ <u>90.00</u>		

FOOTNOTES TO SCHEDULE 4

The Department of Administration has had an unwritten policy in regard to employees who serve on jury duty, which allows the employee to receive his regular salary while serving, but requires him to deposit to the credit of the fund appropriation and object code from which his salary warrant was originally drawn, any payment received for such jury duty.

The schedule indicates that \$140.00 was received in total by Edmund A. Reuterda hl, while only \$90.00 appeared to have been refunded.

Further review of the deposits and corresponding original copies of Treasurer's temporary deposit slips indicated that these deposits were comprised of State warrants only. Both official Treasurer's Receipts and temporary deposit slips indicated that the deposits were split so that \$30.00 would appear as refunded to object code 0201, which is Accounting Division salaries, where Edmund A. Reuterda hl's salary was charged. The balance of the deposits was charged to object code 0413, which is utilities under the General Services Division. By the last two digits of the coding (0013), noted on the State warrants from U.C.C. and Highway Commission, it can be determined that the entire refund in each case should have been credited to 0413.

Also, it is noted that Treasurer's Receipt 4900 (noted above) on file in the Accounting Division had a Xerox copy of one Lewis and Clark County juror's warrant payable to "E. A. Reuterda hl" attached. The Accounting Division's record of "Refunds" indicates that these three Treasurer's Receipts were partially jury duty refunds.

Therefore, it can only be assumed that Edmund A. Reuterda hl, who had custody of the above records and documents, intended the above noted items to appear as refunds of his jury payments when actually they were State warrants issued to the Department of Administration for utilities payments.

SCHEDULE OF CLAIMS MISSING FROM THE DEPARTMENT OF ADMINISTRATION'S
MASTER AND OFFICE FILES

<u>Item</u>	<u>Date</u>	<u>Claim Number</u>	<u>Claims Payable to Margie Reuterdaahl</u>
1	May 1965	703	Missing
2	May 1965	712	"
3	June 1965	787	"
4	Sept. 1965	153	"
5	Sept. 1965	170	"
6	Nov. 1965	342	"
7	Dec. 1965	440	"
8	Jan. 1966	493	"
9	Feb. 1966	608	On File
10	Mar. 1966	679	Missing
11	Apr. 1966	763	"
12	May 1966	845	"
13	June 1966	922	On File
14	June 1966	960	Missing
15	July 1966	60	"
16	Aug. 1966	125	"
17	Sept. 1966	201	"
18	Oct. 1966	293	"
19	Nov. 1966	370	"
20	Dec. 1966	453	"
21	Jan. 1967	552	"
22	Feb. 1967	617	"
23	Mar. 1967	687	"
24	Apr. 1967	773	"
25	May 1967	877	"

Footnotes:

A master file of duplicate claims submitted to every State Agency is maintained by the Accounting Division of the Department of Administration. In addition, the Accounting Division maintains a separate file of duplicate claims pertaining to the Department's specific operation. The original of every claim submitted to any State Agency is filed in the State Auditor's office.

Subsequent to the initial findings of this examination a review was made of every claim submitted, during the period covered by this examination, to the Department of Administration. From this review, certain claims were found to be missing from both the master and office files, which were under the jurisdiction of Edmund Reuterdaahl, the Division Accountant. Therefore, a cross check was made with the original copies of these same claims on file in the State Auditor's office. As a result, it was determined that the claims missing from the Department's Accounting Division files are payable to Margie Reuterdaahl.

This schedule reflects each claim payable to Margie Reuterdaahl and its status -- whether on file or missing from the Department's master and office files. It is noted that only two of the twenty-five claims payable to Margie Reuterdaahl are actually in the files.

Each claim listed by item number in this schedule relates to claims and other supporting data contained in corresponding item numbers reflected in Schedules 1 and 2.

PREFACE TO SCHEDULE 1A

The following schedule was compiled from existing records, documents and other supporting data, and reflects certain information regarding claims and warrants payable to Barry Reuterdaahl, son of Edmund and Margie Reuterdaahl. Each claim and corresponding warrant is reflected in a separate item which will relate to a similar item number on subsequent schedules.

The footnotes following this schedule, which are also detailed by corresponding item numbers, are intended to provide additional information and explanation in regard to the items set forth on Schedule 1A.

SCHEDULE OF CLAIMS SUBMITTED BY AND WARRANTS ISSUED TO "BARRY REUTERDAHL"
Period From June 1963 through May 1967

<u>Item</u>	<u>Approval Date of Claim</u>	<u>Claim Number</u>	<u>Claimant per Claims Register</u>	<u>Warrant Number</u>	<u>Warrant Payable to</u>	<u>Amount</u>	<u>Object Code Charged</u>	<u>Warrant Endorsements</u>	<u>Date of Bank Endorsement</u>
1	6-21-63	296	Missing	139260	Barry ReuterdaHL	\$ 250.00	0023	Barry ReuterdaHL	
2	6-28-63	310	Missing	149789	Barry ReuterdaHL	250.00	0099	Barry ReuterdaHL, Buttrey Foods, Inc., #24, First National Bank	7-9-63
3	12-12-63	351	Missing	260887	Barry ReuterdaHL	50.00	0215	Barry ReuterdaHL, Union Bank	12-30-63
4	7-15-64	6	ReuterdaHL	415290	Barry ReuterdaHL	250.00	0215	Barry ReuterdaHL, Union Bank	7-17-64
5	7-31-64	55	ReuterdaHL	434466	Barry ReuterdaHL	350.00	0201	Barry ReuterdaHL, Buttrey Foods, Inc., #24, First National Bank	8-3-64
6	9-23-64	182	ReuterdaHL	476795	Barry ReuterdaHL	350.00	0215	Barry ReuterdaHL, Buttrey Foods, Inc., #24, First National Bank	9-25-64
7	4-26-65	649	ReuterdaHL	647588	Barry ReuterdaHL	250.00	0215	Barry ReuterdaHL, Buttrey Foods, Inc., #24, First National Bank	4-30-65
8	4-30-65	671	ReuterdaHL	652963	Barry ReuterdaHL	220.00	0215	Barry ReuterdaHL, Union Bank	5-5-65
9	5-25-65	719	ReuterdaHL	669411	Barry ReuterdaHL	450.00	0201	Barry ReuterdaHL, Union Bank	5-27-65
10	5-25-65	724	ReuterdaHL	669412	Barry ReuterdaHL	250.00	0215	Barry ReuterdaHL, Union Bank	5-27-65
11	6-7-65	743	ReuterdaHL	677011	Barry ReuterdaHL	450.00	0215	Barry ReuterdaHL, Union Bank	6-12-65
12	6-9-65	762	ReuterdaHL	678371	Barry ReuterdaHL	250.00	0215	Barry ReuterdaHL, Union Bank	6-11-65
13	6-22-65	800	ReuterdaHL	689767	Barry ReuterdaHL	273.50	0215	Barry ReuterdaHL, Union Bank	6-23-65

SCHEDULE OF CLAIMS SUBMITTED BY AND WARRANTS ISSUED TO "BARRY REUTERDAHL" - continued

<u>Item</u>	<u>Approval Date of Claim</u>	<u>Claim Number</u>	<u>Claimant per Claims Register</u>	<u>Warrant Number</u>	<u>Warrant Payable to</u>	<u>Amount</u>	<u>Object Code Charged</u>	<u>Warrant Endorsements</u>	<u>Date of Bank Endorsement</u>
14	6-30-65	864	No entry	702095	Barry Reuterda hl	\$ 300.00	0301	Barry Reuterda hl, Buttrey Foods, Inc., #24, First National Bank	7-7-65
15	7-22-65	38	Barry	711147	Barry Reuterda hl	250.00	0415	Barry Reuterda hl, Buttrey Foods, Inc., #24, First National Bank	7-27-65
16	9-15-65	160	Barry	752119	Barry Reuterda hl	250.00	0415	Barry Reuterda hl, Union Bank	9-16-65
17	10-29-65	290	Barry	796255	Barry Reuterda hl	300.00	0415	Barry Reuterda hl, Buttrey Foods, Inc., #24, First National Bank	11-8-65
18	6-30-66	967	No name	994014	Barry Reuterda hl	100.00	0415	Barry Reuterda hl, Buttrey Foods, Inc., #24, First National Bank	7-7-66
19	7-25-66	45	M. Reuterda hl	007934	Barry Reuterda hl	300.00	0415	Barry Reuterda hl, Union Bank	7-27-66
Total Warrants Issued to Barry Reuterda hl for Period						\$ <u>5,143.50</u>			

*RECAPITULATION

1962-1963 Fiscal Year - Two Warrants, Items 1 and 2	\$ 500.00
1963-1964 Fiscal Year - One Warrant, Item 3	50.00
1964-1965 Fiscal Year - Eleven Warrants, Items 4 through 14	3,393.50
1965-1966 Fiscal Year - Four Warrants, Items 15 through 18	900.00
1966-1967 Fiscal Year - One Warrant, Item 19	<u>300.00</u>
	\$ <u>5,143.50</u>
Six month period from April, 1965 through October, 1965, Items 7 through 17	\$ <u>3,243.50</u>

*This recapitulation is intended, for additional information only, to set out payments by fiscal year to Barry Reuterda hl.

EXPLANATION OF COLUMNS

1. Item Number -
The item number will indicate each separate transaction in chronological order from June 1963 to May 1967. This number will also relate to corresponding item numbers on subsequent schedules.
2. Approval Date of Claim -
The date reflected here will generally apply to both the claim and warrant. If different, the date of the warrant should be no more than two days after the date of the claim.
3. Claim Number - Self-explanatory.
4. Claimant as Entered in Claims Register -
The names reflected in this column are exactly as they appear in the Department of Administration's claims and warrants register.
5. Warrant Number -
Number of the warrant issued by authority of the corresponding claim.
6. Payable to - The payee as reflected on the warrant.
7. Amount - The amount reflected on both the claim and warrant.
8. Object Code Charged -
The object codes reflected herein indicate the type of service performed: 0201 - Accounting Division salaries, 0215 - Accounting Division contracted services, 0301 - Architecture and Engineering Division salaries, and 0415 - General Services Division contracted services. The object codes reflected in Items 1 and 2 were used prior to establishment of the present coding system and have no relation to the present codes.
9. Warrant Endorsements -
The signatures, business or bank cancellation stamps reflected on the reverse side of the warrant.
10. Date of Bank Endorsement -
The date on a bank cancellation stamp, reflected on the reverse side of the warrant.

FOOTNOTES TO SCHEDULE 1A

Item

1. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For labor cleaning vaults, destroying old records, and transferring files". The claim provides no detailed itemization which indicates the time worked or the rate per hour, day, week or month. A Department claims register, covering this period, was unavailable for review of this entry. No evidence of a bank cancellation stamp is noted, therefore, it would appear that the warrant had been negotiated with the State Treasurer.
2. This claim is signed "Barry Reuterdaahl" and approved "Walter Anderson". It specifies "For labor cleaning vaults, destroying old records and transferring files". The claim provides no detailed itemization which indicates the time worked or rate per hour, day, week or month. It is noted that this claim is nearly identical in period and explanation of service to the claim noted in Item 1; however, this claim was approved by the Controller, Walter Anderson, while the previous claim was approved by E. A. Reuterdaahl, Barry Reuterdaahl's father. It is noted that both claims were submitted and approved only days apart, which would pose the question of whether these claims were duplicates and for the same singular service. A Department claims register covering this period was unavailable for review of this entry.
3. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For moving claims and files from East Transformer Vault", and was charged as a contracted service to the Accounting Division of the Department of Administration. The claim provides no detailed itemization which indicates the time worked or the rate per hour, day, week or month. A Department claims register for this period was unavailable for review of this entry.
4. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For labor moving and filing claims" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked or the rate per hour, day, week or month.
5. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For labor moving files and cleaning vault" and is charged as salary to the Accounting Division. The claim provides no detailed itemization which indicates the time worked or the rate per hour, day, week or month. It is noted that claims reflected in Items 4 and 5 were both submitted in July for a sum total of \$600.00.
6. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "Labor moving files, filing claims, etc." and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
7. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl" and also includes another State Controller's stamp which is signed "P. Linton". It specifies "Transferring and moving files" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
8. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "Transferring claims and moving files" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month. It is noted that claims reflected in Items 7 and 8 were submitted only eight days apart in April for a sum total of \$470.00.
9. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For services cleaning vault and transferring files and file cases" and was charged as salary to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day week or month.

10. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "For services cleaning vault, transferring files and moving file cases" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month. It is noted that the claims reflected in Items 9 and 10 were submitted only four days apart, May 20 - 24, and the corresponding claim approvals and warrants issued were dated May 25, for a sum total of \$700.00.
11. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "For services transferring files and moving file cases" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
12. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "Transferring files and moving filing cases" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
13. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "For services moving files, transferring claims, and mileage hauling old claims to dump" and was charged as a contracted service to the Accounting Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day or month, number of miles travelled or rate per mile.
14. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "Services filing claims, moving files, transferring claims" and was charged as salary to the Architecture and Engineering Division. However, there appears to be little or no relation between the services performed, as stated on the claim, and the Architecture and Engineering Division's function. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month. It is noted that this claim was not entered in the Department's claims register. Review of an I.B.M. detailed report of claims issued indicates that this was the final claim for the 1964-1965 fiscal year.

It is noted that the claims and warrants reflected in Items 11 through 14 were all submitted, approved and issued during the month of June for a sum total of \$1,273.50. It is also noted, by the bank cancellation dates, that the first three warrants were cashed during June and the last was cashed on July 7. If services were performed during the month of June as indicated, then it is noted that the amount paid for these services was more than half again as much as the State Controller received as salary for the same period.

15. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "For services transferring claims and moving files" and was charged as a contracted service to the General Services Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.

It differs from the prior items in that the entry in the claims register is "Barry" instead of "Reuter Dahl", and it was charged to the General Services Division instead of Accounting as was the procedure in all but one of the previous items.

16. This claim is signed "Barry Reuter Dahl" and approved "E A Reuter Dahl". It specifies "Moving claims and files" and was charged as a contracted service to the General Services Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.

17. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For services moving ledgers and files" and was charged as a contracted service to the General Services Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
18. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "Moving and transferring files and destroying outdated claims and receipts" and was charged as a contracted service to the General Services Division. It is noted that the entry in the Department's claims and warrants register reflects no name, only the date, warrant number, amount and object codes charged. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.
19. This claim is signed "Barry Reuterdaahl" and approved "E A Reuterdaahl". It specifies "For services moving files and transferring claims" and was charged as a contracted service to the General Services Division. The claim provides no detailed itemization which indicates the time worked, rate per hour, day, week or month.

It is noted that the claims register entry reflects "M. Reuterdaahl" instead of "B" or "Barry Reuterdaahl". The latter entry is the same as numerous others, during the 1966-67 fiscal year, which are claims payable to "Margie Reuterdaahl" (see Schedule 1 - Report pertaining to Margie Reuterdaahl). As is the peculiarity of those entries, the "t" cross in Reuterdaahl appears to have been a ditto mark referring to the previous two I.B.M. Corp. entries, which would lead one to believe that the original entry was not intended to reflect a claim and warrant payable to Barry Reuterdaahl. Therefore, it would appear that the "M. Reuterdaahl" was entered at a later date but mistakenly for "Barry Reuterdaahl".

PREFACE TO SCHEDULE 2A

The following schedule was compiled from existing records, documents and other supporting data. It reflects warrants payable to Barry Reuterdaahl and certain refund deposits with the State Treasurer which give the appearance of being refunds of the stated warrants. While they denote this characteristic, in effect, the related transactions are merely a series of warrant substitutions.

The footnotes following this schedule, also detailed by corresponding item numbers, provide additional information and explanation in regard to the items set forth on Schedule 2A.

SCHEDULE OF REFUND DEPOSITS RELATIVE TO WARRANTS ISSUED TO BARRY REUTERDAHL

Item No.	Date of Warrant	Warrant Number	Payable to	Amount	Object Code Charged	Date of Re- deposit	Treas. Receipt No.	Amount	Object Code Refunded	Amount	Warrant No. Treas. Copy Temp. Deposit Slip	Warrant No. Dept. Copy Temp. Deposit Slip
7.	4-26-65	647588	Barry Reuterdahl	\$ 250.00	0215	4-30-65	5539	\$ 250.00	0215	\$ 250.00	630254	647588
9.	5-25-65	669411	Barry Reuterdahl	450.00	0201	5-25-65	6010	900.00	0201	900.00	631267	Missing
10.	5-25-65	669412	Barry Reuterdahl	250.00	0215	6-11-65	6315	950.00	0201 0215	200.00 750.00	None	Missing
11.	6-7-65	677011	Barry Reuterdahl	450.00	0215	6-18-65	6517	450.00	0215	450.00	None	Missing
12.	6-9-65	678371	Barry Reuterdahl	250.00	0215	6-11-65	6315	950.00	See Item 10.			
13.	6-22-65	689767	Barry Reuterdahl	273.50	0215	6-21-65	6575	273.50	0215	273.50	None	Missing
14.	6-30-65	702095	Barry Reuterdahl	300.00	0301	6-30-65	6805	381.78	0301 0302	300.00 81.78	See Footnotes	Missing
16.	9-15-65	752119	Barry Reuterdahl	250.00	0415	9-14-65	1503	283.12	0413 0415	33.12 250.00	See Footnotes	

EXPLANATION OF SCHEDULE 2 COLUMNS

1. Item Number - This corresponds to the same transaction and item number as reflected on Schedule 1.
2. Date of Warrant - Self-explanatory.
3. Warrant Number - Self-explanatory.
4. Payable to - The payee as reflected on the warrant.
5. Amount - The warrant amount.
6. Object Code Charged - 0201 - Accounting Division salaries, 0215 - Accounting Division contracted services, 0301 - Architecture and Engineering Division salaries, 0302 - Architecture and Engineering Division employees benefits, 0415 - General Services Division contracted services - as per coding schedule in the "State of Montana Accounting Manual".
7. Date of Redeposit - The date reflected on the State Treasurer's official receipt or corresponding temporary deposit slip.
8. Treasurer's Receipt Number - The number of the State Treasurer's official receipt.
9. Amount - Generally the same as Column 5 - differences are explained in the footnotes.
10. Object Code Refunded - The object codes as reflected on the State Treasurer's official receipt.
11. Amount - This relates to Columns 5, 9 and 10 - differences are explained in the footnotes.
12. Warrant No. Treas. Copy Temp. Deposit Slip - The warrant number listed on the Treasurer's copy of the temporary deposit slip. The number of a State warrant which appears on the original copy of a temporary deposit slip retained on file in the State Treasurer's office. The notation "none" indicates that an identifying warrant or check number is not present on the deposit slip.
13. Warrant No. Dept. Copy Temp. Deposit Slip - The warrant number listed on the Department of Administration's copy of the temporary deposit slip. The warrant number reflected on this deposit slip should be exactly the same as that of the Treasurer's copy (Column 12) in that it is a duplicate copy. This copy is stamped paid by the State Treasurer when the deposit is made and then filed in the Department of Administration. In the Department's files, these deposit slips were generally attached to the original copies of Treasurer's receipts. The notation "missing" indicates that both the Department of Administration's copy of the Treasurer's receipt and the corresponding temporary deposit slip are missing from the Department's files.

FOOTNOTES TO SCHEDULE 2A

Item

7. The number of the warrant issued to Barry Reuterdaahl is noted as being the same as that listed on the temporary deposit slip attached to the Department of Administration's copy of Treasurer's Receipt 5539, while the warrant number listed on the Treasurer's copy of the same temporary deposit slip is different. The number on the Treasurer's copy is that of a warrant issued by the Unemployment Compensation Commission to the Department for utilities services. The amount of this warrant, 630254, is \$397.63, which was split on two Treasurer's Receipts - the receipt noted on Schedule 2 as a refund to object code 0201 (Accounting Division salaries) for \$250.00, and Receipt 5540 which is a refund to object code 0415 - General Services Division - contracted services - for \$147.63, totalling \$397.63. Neither Treasurer's Receipt reflected the refund to the proper object code - 0413, General Services Division utilities.

The temporary deposit slips appear to be duplicates and identical in every respect except for the warrant numbers. The warrant number reflected on the Department's copy of the temporary deposit slip visibly appears as typewritten over an erasure. Therefore, it can only be assumed that Barry Reuterdaahl's warrant number, by appearance on the deposit slip, was intended to imply that the warrant had been redeposited to the credit of the State.

9. This refund deposit could relate to two \$450.00 warrants issued just prior to this deposit and charged to object code 0201 (Accounting Division salaries). One warrant (669411) was issued to Barry Reuterdaahl as noted in this schedule; the other (660996) was issued to Margie Reuterdaahl as reflected on a separate schedule. However, the corresponding deposit of \$900.00 was actually a warrant issued by the Board of Health for janitor and electric services but credited to object code 0201, which has no relation to janitor or electric services. Therefore, this establishes a relationship, by similarity of amount and object code charged, between the warrants issued to the Reuterdaahls and the \$900.00 refund deposit.
10. A deposit was made on June 10, 1965, and reflected on separate Treasurer's Receipts as follows:

Treasurer's Receipt No. 6315 - Refund object code 0201	\$ 200.00
Refund object code 0215	750.00
Treasurer's Receipt No. 6316 - Refund object code 0413	<u>128.29</u>
Total	\$ 1,078.29

Although the temporary deposit slips for the above Treasurer's receipts had no warrant numbers listed, the following warrants to the Department of Administration are noted as being issued prior to June 10, 1965, and are assumed to be those comprising the two deposits:

<u>Date</u>	<u>Issued</u>	<u>Number</u>	<u>For</u>	<u>From</u>	<u>Amount</u>
May	1965	674623	Gas Service	U.C.C.	\$ 211.25
Apr.	1965	652090	Gas Service	Governor's Mansion	96.24
May	1965	657750	Machine Rental	Board of Health	61.66
Apr.	1965	632986	Gas Service	Highway Comm.	392.55
May	1965	654902	Gas Service	Highway Comm.	<u>316.59</u>
Total					\$ 1,078.29

From the foregoing information it can be assumed that warrants comprising the two deposits should have been almost entirely credited to object code 0413 (utilities), with the remainder to object code 0215 (contracted services for machine rental). Therefore, it is also reasonable to assume that the \$750.00 credited to object code 0215, which this Item for \$250.00 is a part of, had no relation to the warrants comprising the deposit; thus, this procedure seems intended to indicate that the warrant issued to Barry Reuterdaahl had been redeposited with the State Treasurer as a refund. (See also Item 12 in this Schedule and Items 2 and 3 on Schedule 2 of Margie Reuterdaahl's schedules).

11. This refund deposit, Treasurer's Receipt 6517, could relate to Warrant 677011 issued to Barry Reuterdaahl. While there is no warrant number listed on the Treasurer's copy of the temporary deposit slip, the refund would coincide with a billing to the Board of Health for April, May and June, janitor and electric services, and subsequent payment, Warrant 681448 - dated June 14, 1965, \$450.00, by the Board of Health to the Department of Administration.

The Department's "Record of Refunds" also indicates that this deposit was a payment received from the Board of Health. It is noted that the deposit was credited entirely as a refund to object code 0215 (Accounting Division contracted services), when it should have been credited in part to 0413 (General Services utilities), and 0415 (General Services contracted services). It is, therefore, reasonable to assume that deposit was intended to appear as a refund of Barry Reuterdaahl's warrant and also provide an offset to the object code his warrant was originally charged.

12. This warrant payable to Barry Reuterdaahl and the apparent refund deposit is part of that reflected in Item 10 and would include the same explanation.
13. This refund deposit could relate to Warrant 689767 issued to Barry Reuterdaahl for the same amount, a figure which has not been commonly used. The object codes charged and refunded are identical. The date of warrant issuance is noted as being one day after the deposit.

While there are no warrant numbers reflected on the Treasurer's copy of temporary deposit slip 6575, Warrant 679737 from the Highway Commission for \$202.83 (dated June 1965), and Warrant 758394 from the Governor's Mansion, \$70.67 (dated April 1965) equalling \$273.50, appear to make up this deposit. These warrants were payable to the Department of Administration for utilities (object code 0413). The deposit, however, is a refund to object code 0215 (Accounting Division contracted services).

14. This refund deposit could relate to Warrant 702095 issued to Barry Reuterdaahl on the same day. The warrant was charged to object code 0301 (Division of Architecture and Engineering salaries) and the deposit was credited to object code 0301. The original copy of the temporary deposit slip for Treasurer's Receipt 6805 reflects the following listing of State warrants:

<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>From</u>	<u>For</u>
685266	6-18-65	\$ 75.00	Children's Center	0211 - Supplies
688986	6-21-65	12.60	Livestock Commission	0013 - Utilities
697652	6-25-65	<u>294.18</u>	Capitol Building Fund	0024 - Capt. Bldgs.

\$ 381.78

These warrants were all payable to the Department of Administration as refunds for three unrelated services. Properly, the refunds should have been credited to object codes 0301, 0302, 0411 and 0413. Therefore, it is reasonable to assume that this deposit in part was intended to appear as a refund of Barry Reuterdaahl's warrant, and also provide an offset to the object code his warrant was originally charged.

16. This refund deposit could relate to Warrant 752119 issued to Barry Reuterdaahl two days subsequent to the deposit, or Warrant 753726 issued to Margie Reuterdaahl four days subsequent to the deposit. Both warrants were charged to object code 0415, a General Services Division contracted service; however, because of proximity to the warrant issued to Barry Reuterdaahl, it is reflected in this schedule.

Both copies of the temporary deposit slips for Treasurer's Receipt 1503 reflect the following listing of State warrants:

<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>From</u>	<u>For</u>
699146	6-28-65	\$ 110.72	U.C.C.	Utilities
705665	7-14-65	96.90	Highway Commission	"
728239	8-13-65	37.75	" "	"
748508	9-8-65	<u>37.75</u>	" "	"

\$ 283.12

These warrants were all payable to the Department of Administration for utilities services and would properly have been refunded to object code 0413. As reflected on the Treasurer's Receipt, it is noted that only \$33.12 of this deposit was credited to object code 0413, with the remaining \$250.00 being credited object code 0415 - the same coding which Barry Reuterdaahl's warrant was charged. Therefore, it is reasonable to assume that the deposit was intended to appear as a refund of Barry Reuterdaahl's warrant and also provide an offset to the object code his warrant was originally charged.

As a conclusion to the items set forth on Schedule 2 and the subsequent explanations, as listed in the footnotes, it can only be assumed that the intention of these procedures was:

1. To give the appearance that warrants issued to Barry Reuterdaahl were being redeposited to State funds.

In one instance, this is clearly indicated by the presence of different warrant numbers on the original and duplicate copies of temporary deposit slips for a single deposit. In other instances, it is only suggested by virtue of the similar object codes, amounts and dates of warrants issued to Barry Reuterdaahl as compared to object codes, amounts and dates of certain refund deposits.

2. To replenish the object codes which warrants payable to Barry Reuterdaahl were generally charged.

The object codes charged for his warrants were 0201, 0215, 0301 and 0415. As can be concluded from Schedule 2, refund deposits which generally consisted of warrants payable for utilities services - but erroneously coded to coincide with the coding on Barry Reuterdaahl's warrants, nearly offset the warrants issued to him.

SCHEDULE OF SUPPLEMENTARY INFORMATION TO SCHEDULE 2A

Item No.	Date of Warrant	Payable To	Date of Refund	Treasurer's Receipt Number	Object Code 0201	Object Code 0215	Object Code 0301
7	4-26-65	Barry Reuterdaahl			\$	\$ 250.00	\$
			4-30-65	5539		(250.00)	
8	4-30-65	Barry Reuterdaahl				220.00	
1	5-19-65	Margie Reuterdaahl			450.00		
			5-24-65	6010	(900.00)		
2	5-24-65	Margie Reuterdaahl			200.00		
9	5-25-65	Barry Reuterdaahl			450.00		
10	5-25-65	Barry Reuterdaahl				250.00	
11	6-7-65	Barry Reuterdaahl				450.00	
12	6-9-65	Barry Reuterdaahl				250.00	
			6-11-65	6315	(200.00)	(750.00)	
3	6-16-65	Margie Reuterdaahl				250.00	
			6-18-65	6517		(450.00)	
13	6-22-65	Barry Reuterdaahl				273.50	
			6-22-65	6575		(273.50)	
14	6-30-65	Barry Reuterdaahl					300.00
			6-30-65	6508			(300.00)
					\$ -0-	\$ 220.00	\$ -0-

Footnotes:

This schedule consists of information presented on Schedules 2 of both Barry and Margie Reuterdaahl, and compiled in such a manner as to support observations presented in the footnotes and general comments.

The presentation on this schedule reflects warrants payable to Barry and Margie Reuterdaahl during the final three-month period of the 1964-1965 fiscal year, and the corresponding object codes charged. In addition, refund deposits of warrants issued to the Department of Administration, during the same period, are reflected as credits to corresponding object codes and identified by brackets. The intention here is to reflect the net result of charges and refunds for this period.

While this schedule has minor significance in relation to data presented on other schedules, it does indicate that during a given period of time certain refunds nearly offset the combined warrant payments to Barry and Margie Reuterdaahl. Of the \$3,343.50 of warrants payable to them during this period, it can be noted that only one warrant (\$220.00) is not offset by a refund credit to its corresponding object code - 0215. This further supports the theory, as presented in footnotes to Schedules 2, that it is evident efforts were being made to cause the warrants payable to Margie and Barry Reuterdaahl to appear as being redeposited to State funds, and also to provide an offsetting factor in regard to the object codes charged and credited by refund.

SCHEDULE OF CLAIMS MISSING FROM THE DEPARTMENT OF ADMINISTRATION'S
MASTER AND OFFICE FILES

<u>Item</u>	<u>Date</u>	<u>Claim Number</u>	<u>Claims Payable to Barry Reuterda hl</u>
1	June 1963	296	On File
2	June 1963	310	On File
3	Dec. 1963	351	" "
4	July 1964	6	" "
5	July 1964	55	" "
6	Sept. 1964	182	" "
7	Apr. 1965	649	Missing
8	Apr. 1965	671	On File
9	May 1965	719	Missing
10	May 1965	724	"
11	June 1965	743	"
12	June 1965	762	"
13	June 1965	800	"
14	June 1965	864	"
15	July 1965	38	"
16	Sept. 1965	160	"
17	Oct. 1965	290	"
18	June 1966	967	"
19	July 1966	45	"

Footnotes:

A master file of duplicate claims submitted to every State Agency is maintained by the Accounting Division of the Department of Administration. In addition, the Accounting Division maintains a separate file of duplicate claims pertaining to the Department's specific operation. The original of every claim submitted to any State Agency is filed in the State Auditor's office.

Subsequent to the initial findings of this examination a review was made of every claim submitted, during the period covered by this examination, to the Department of Administration. From this review, certain claims were found to be missing from both the master and office files, which were under the jurisdiction of Edmund Reuterda hl, the Division Accountant. Therefore, a cross check was made with the original copies of these same claims on file in the State Auditor's office. As a result, it was determined that the claims missing from the Department's Accounting Division files are payable to Barry Reuterda hl.

This schedule reflects each claim payable to Barry Reuterda hl and its status -- whether on file or missing from the Department's master and office files. Of the nineteen claims, it is noted that only seven are actually in the files.

Each claim listed by item number in this schedule relates to claims and other supporting data contained in corresponding item numbers reflected in Schedules 1 and 2.

SCOPE:

This examination covers a period from July 1, 1963, through May 26, 1967. It entails a review of existing records, documents and supporting documentation regarding the Department of Administration and its subsidiary Divisions, all under the supervision of the State Controller. The examination is concentrated on the operation of the Division of Accounting, which was administered throughout this period by Edmund A. Reuterdaahl, whose title was Director of the Division of Accounting.

The extent of this examination or review in regard to other Divisions of the Department of Administration consisting of Administration, Purchasing, Architecture & Engineering and General Services, was limited only to their tie-in or relation to the Accounting Division. Generally, this tie-in or relation was that of the maintenance of financial records by Accounting for the other Divisions. No attempt was made to singularly review, analyze or report on these other Divisions.

In view of the circumstances which led to this examination, an intensive and extensive review was made of the Accounting Division's operation. While every effort was made to examine all transactions throughout this period, missing records and documents, inadequate records, the lack of adequate explanations and the inability to confer with the Division Accountant, in regard to these transactions, made this review difficult and at times impossible.

A concentrated review of the records was not extended prior to July 1, 1963, because of the limited availability of records. However, original copies of claims on file in the State Auditor's files were reviewed prior to this time. The procedures and transactions questioned generally occurred after March, 1965; therefore, it is reasonable to conclude that the period covered by this examination, for all intentions or purposes, is adequate.

This report is not in the generally presented form of a financial reporting of the overall operation of the Department of Administration. While financial transactions of record were reviewed as a result of this examination, that presentation was secondary to the more serious purpose necessitating this examination. This will, therefore, be a special report which presents specific information regarding questionable transactions.

A separation between questioned items relating to Edmund and Margie Reuterdaahl and those directly relating to Barry Reuterdaahl is indicated by schedule designation. Schedules with an "A" following the schedule number are those more pertinent to Barry Reuterdaahl. In order to provide clarity and avoid unnecessary confusion, such separation was deemed necessary.

INTRODUCTION:

While completing an examination of a State Agency only remotely related to the Department of Administration, it was necessary to review the original copies of claims submitted to the Agency being examined. This review was completed in the State Auditor's office where the original copies of all claims submitted to State Agencies are filed. As the result of similar expenditure coding, claims pertaining to the Department of Administration operation were filed in the same file drawer as those of the Agency being examined. Consequently, this review initially revealed a claim signed "Margie Reuterdaahl" and approved "E. A. Reuterdaahl".

Because of the questionable propriety of supervisors approving relatives claims, this claim was the basis for further detailed review of Department of Administration claims on file in both the State Auditor's office and the Accounting Division of the Department of Administration. The more detailed review revealed numerous claims of this nature. (Schedules 1 and 1A of this report provide a complete listing of such claims.)

As the result of these findings, Ralph Kenyon, State Controller, who was Edmund Reuterdaahl's supervisor, was queried for an explanation of the claims and procedure. Mr. Kenyon stated that he was unaware that Margie Reuterdaahl, Edmund Reuterdaahl's wife, had been working for the Department or that Edmund Reuterdaahl had been approving her claims for the stated services.

At this point, Edmund Reuterdaahl was summoned and in the presence of Albert Leuthold, State Examiner, Ralph Kenyon, State Controller, and myself, William D. Kuney, Deputy State Examiner, was asked for an explanation of these claims. His reply, as witnessed by those present, indicated that his wife had done work at home such as typing reports and assisting him in compiling and maintaining certain reports relative to the operation and financial reporting of the Accounting Division. He stated that his work load required him to often stay in the office after 5 P.M. and also to take work home in order to complete all that was required of him.

When asked why he had not consulted with his supervisor, Ralph Kenyon, in regard to Mrs. Reuterdaahl's employment, his reply was that he knew that Mr. Kenyon would not have approved such a practice; however, by doing this he was able to complete the work required of him.

Mr. Reuterdaahl further stated that although his wife had worked for him and had received these payments, that she felt they should not keep the money and, therefore, it was redeposited to State funds. He stated that he could produce State Treasurer's Receipts which would substantiate refunds of all the payments by warrant to his wife. (Schedules 2, 2A and 3 provide additional information in regard to refund deposits.)

When asked why, when they felt it was wrong to keep the money, did he repeatedly follow this same procedure of submitting a claim, receiving a warrant and redepositing the money, his reply, as noted previously, was somewhat vague and only reiterated that they thought it was wrong and that he could produce the Treasurer's Receipts which would prove that the money had all been redeposited.

When informed that because of these unusual procedures, the Attorney General would be notified and if there was loss to the State of Montana that the bonding company would be notified, Mr. Reuterdaahl indicated that this was of little concern to him since there was no loss to the State, which he could prove.

At this point, Mr. Leuthold suggested that Mr. Kenyon and I accompany Mr. Reuterdaahl to his office where he would provide the State Treasurer's Receipts in question. Mr. Reuterdaahl was able to provide only a few of the Treasurer's Receipts, which on the surface appeared to be redeposits, by virtue of similar amounts, of his wife, Margie Reuterdaahl's warrants. Not being completely convinced or satisfied that these provided adequate explanations, Mr. Kenyon and I returned for further discussion with Mr. Leuthold.

At that point, it was decided to contact the Attorney General. Mr. Alfred Coate, Assistant Attorney General, representing the Attorney General, appeared and was informed of the circumstances and all known details at that time. He advised that Mr. Reuterdaahl be given a temporary vacation until a thorough examination could reveal the complete facts surrounding the situation.

Governor Babcock was contacted at that time and informed of the situation. His immediate response was that of encouraging and sanctioning an extensive and thorough examination of Mr. Reuterdaahl's records and office operation, for the purpose of completely resolving whether or not there was a loss to the State and a breach of conduct by a State employee.

Facts, observations, explanations, conclusions and recommendations from the resulting examination are presented in the following comments. The first section, "Summaries of Schedules and Footnotes to Schedules" is separated according to those schedules relating to Edmund and Margie Reuterdaahl and those relating to Barry Reuterdaahl and so designated as noted in the "Scope".

SUMMARIES OF SCHEDULES AND FOOTNOTES TO SCHEDULES

Schedule 1 and Footnotes to Schedule 1 indicate:

1. Numerous claims apparently submitted by Margie Reuterdaahl for services which are vague by lack of adequate itemization on the claim, or by supporting documentation by presence of time sheet information indicating the hours, days, weeks or months worked.
2. Approval of such claims and expenditures by Edmund A. Reuterdaahl, Division Accountant and Supervisor, who was Margie Reuterdaahl's husband.

This procedure of a husband authorizing his wife's employment, either as a salary or contracted service item, without the knowledge of his superior, and the approving of subsequent claims for services of a dubious nature is highly irregular and contrary to the generally-embraced State policies regarding employment of personnel. It can be concluded that Edmund Reuterdaahl acted beyond his authority in this respect.

3. The procedure of entering in the Department's permanent record of "Claims and Warrants Issued" numerous claims which were payable to Margie Reuterdaahl, but entered in the claims register as another name - generally that of a business firm. Also, the procedure of altering entries in this register at a later date so they would appear, not as payments to business firms as originally intended by the use of ditto marks, but as payments to Margie Reuterdaahl.

Altering and falsifying records in itself is a serious offense constituting a violation of Section 94-1501 (5) and (6), R.C.M., 1947, and a breach of accepted accounting procedures. Edmund Reuterdaahl had the full responsibility of maintaining these records. As nearly as can be determined, he made all entries in the claims register or journal.

4. Although the explanations of the claims implied similar services performed, the amounts of these claims varied from \$200.00 to \$450.00. The lack of unit itemization made it impossible to determine whether or not the amount was by any means equitable to the purported service.
5. Six warrants were endorsed "Margie Reuterdaahl" and negotiated at the Union Bank. Others with no signature endorsement but with a special bank endorsement stamp, indicated that they were deposited to a bank account.

Although Mr. Reuterdaahl stated that all warrants issued to his wife had been redeposited with the State Treasurer, and that the State had suffered no loss, it can be determined that not one of Margie Reuterdaahl's warrants had been redeposited with the Treasurer, but that actually all were negotiated with a bank. (See Schedule 2 for further detail.)

6. No conclusion is being made by this examiner as to whether or not the signature "Margie Reuterdaahl" appearing on both the claims and certain warrants, listed herein, is actually Margie Reuterdaahl's signature.

Schedule 2 and Footnotes to Schedule 2 indicate:

1. The object codes these warrants were charged ranged from Accounting Division salaries and contracted services to General Services contracted services. This poses the question of why the services, implied to be the same on all such claims (see Schedule 1), were charged as Accounting Division salaries on the first two warrants, Accounting Division contracted services on the third, and, beginning a new biennium, to General Services Division contracted services on the remaining twenty-two.
2. The warrants issued to Margie Reuterdaahl and the implied refunds of these warrants reflect the same object coding and for the same amounts. In that most payments received by the Department of Administration were for services provided under the General Services classification, it can be concluded that for purposes of using these payments to imply that Margie Reuterdaahl's warrants were being redeposited, it would have been less obvious to use warrants which normally would be credited to similar object codes. This would be the General Services code designation 04, to which most of Margie Reuterdaahl's warrants were charged.

While the element of coincidence or error might account for an occasional mis-coding of these refunds, it is improbable that as many would accidentally be mis-coded. Therefore, it can only be concluded, as noted in the footnotes to Schedule 2, that the purpose was a twofold attempt to divert attention from an oversized contracted service expenditure and provide a logical explanation if any of Margie Reuter Dahl's claims or warrants were ever questioned.

3. The presence of different warrant numbers on duplicate copies of temporary deposit slips, which accompanied deposits to the State Treasurer, would appear to indicate an attempt by Edmund Reuter Dahl to falsify the records. As these deposit slips are of a temporary and not of an official nature, the fact that Mr. Reuter Dahl would attempt to alter them lends further support to this conclusion.

In that certain temporary deposit slips were missing from the Accounting Division's files and certain copies on file in the State Treasurer's office had no warrant numbers listed, this in itself would appear to be a questionable departure from the established procedure.

Schedule 3 and Footnotes to Schedule 3 indicate:

1. Edmund Reuter Dahl purchased four items which by their nature, and the implied refunds in his name, appeared to be for personal use. The fifth item, which had no implied refund, by virtue of its unaccountability, also appears to be a personal purchase.
2. The patterns established in this schedule closely resemble those reflected in Schedules 1 and 2. Provided Mr. Reuter Dahl had actually made personal refunds for the items purchased, the practice of purchasing items through the State purchasing system for personal use would in itself constitute an irregularity.

The purchasing of items for personal use whether refunded or not, to the knowledge of this examiner, is not a practice permissible for employees of State Agencies. Therefore, since Ralph Kenyon, State Controller, had not authorized this practice, Mr. Reuter Dahl apparently took it upon himself to make these personal purchases.

Schedule 4 and Footnotes to Schedule 4 indicate:

1. Edmund Reuter Dahl received \$140.00 for serving on jury duty in 1964.
2. Existing records and supporting documentation reveal that certain deposits with the State Treasurer were intended to appear as refunds of jury payments when actually the warrants making up these deposits were from other State Agencies for utilities payments.
3. Edmund Reuter Dahl apparently intended to have documents available, if questioned, to indicate that he had deposited his jury payments as refunds to the State. As is the pattern reflected in Schedules 1, 2 and 3, he was merely substituting State warrants for his own money and falsifying temporary deposit slips.
4. There was apparently an unwritten Department policy requiring the refund of money received from jury duty if the service was done on State time. Otherwise, it is doubtful that Mr. Reuter Dahl would have bothered with this questionable procedure.
5. The procedure reflected on this schedule would appear to be the forerunner of the system and procedures of offsetting warrants issued to his wife by warrant substitutions as reflected on the previous schedules.

Schedule 5 and Footnotes to Schedule 5 indicate:

1. Certain duplicate claims were missing from the Accounting Division's master and office claim files.
2. In almost every instance, the missing claims were either payable to Margie Reuterdaahl or to the claimant reflected in Schedule 4A.
3. The element of coincidence or error might account for an occasional missing or misfiled claim. The number involved here is beyond coincidence and clearly indicates that Edmund Reuterdaahl did not want his wife's claims available for review or examination.
4. Missing or misfiled claims of an accidental nature would constitute an irregularity indicating laxness of office procedure and operation, but missing claims of a deliberate nature would appear to constitute a violation of Section 94-1501 (6), R.C.M., 1947.

Schedule 1A and Footnotes to Schedule 1A indicate:

1. Numerous claims apparently submitted by Barry Reuterdaahl for services which are vague by lack of adequate itemization on the claim or supporting documentation by presence of time sheet information indicating the hours, days, weeks or months worked.
2. Approval of such claim and expenditure by Edmund A. Reuterdaahl, Division Accountant and Supervisor, who was Barry Reuterdaahl's father.

This procedure of a father authorizing his son's employment, either as a salary or contracted service item, without the knowledge of his superior, and the approving of subsequent claims for services of a dubious nature is highly irregular and contrary to the generally-embraced State policies regarding employment of personnel. It can be concluded that Edmund Reuterdaahl acted beyond his authority in this respect.

3. Although the explanations of the claims implied similar services performed, the amounts of these claims varied from \$200.00 to \$450.00. The lack of itemization made it impossible to determine whether or not the amount was by any means equitable to the purported service.

It is virtually impossible to determine the amount of time Barry Reuterdaahl actually worked for the State. The present State Controller, Ralph Kenyon, stated he was aware that Barry Reuterdaahl had worked at various times in the past for the Division of Accounting, however, stated that he did not specifically know what hours or days he had worked. In his opinion, the amount expended for this purpose in the final three month period of the 1964-1965 fiscal year greatly exceeded any reasonable estimate of value received for services performed. Mr. Kenyon also stated that he had not questioned the practice of Edmund Reuterdaahl hiring his son for occasional work since it was an existing practice when he took office. The comparable work of transferring claims and files this year, which was accomplished by Mr. Kenyon and his assistants, took approximately one man-hour week.

4. No conclusion is being made by this examiner as to whether or not the signature "Barry Reuterdaahl" appearing on both the claims and warrants herein is actually Barry Reuterdaahl's signature.

Schedule 2A and Footnotes to Schedule 2A indicate:

1. The object codes these warrants were charged ranged from Accounting Division salaries and contracted services to Architecture and Engineering salaries to General Services Division contracted services. This poses the question of why the services implied to be the same on all such claims (see Schedule 1A) were charged to different object codes.

2. The warrants issued to Barry Reuterdaahl and the implied refunds of these warrants reflect the same object coding and for the same amounts.

While the element of coincidence or error might account for an occasional miscoding of these refunds, it is hardly probable that as many would be accidentally miscoded. Therefore, it can only be concluded, as noted in the footnotes to Schedule 2A, that the purpose was a twofold attempt to divert attention from an oversized contracted service expenditure and provide a logical explanation if any of Barry Reuterdaahl's claims or warrants were ever questioned.

3. The presence of different warrant numbers on duplicate copies of temporary deposit slips, which accompanied deposits to the State Treasurer, would appear to indicate an attempt by Edmund Reuterdaahl to falsify the records. As these deposit slips are of a temporary and not of an official nature, the fact that Mr. Reuterdaahl would attempt to alter them lends further support to this conclusion.

In that certain temporary deposit slips were missing from the Accounting Division's files and certain copies on file in the State Treasurer's office had no warrant numbers listed, this in itself would appear to be a questionable departure from the established procedure.

Schedule 3A and Footnotes to Schedule 3A indicate:

1. That certain refund deposits, by virtue of the object codes credited, nearly offset warrants, corresponding by date, amount and object code, issued to Margie and Barry Reuterdaahl.

Excluding the doubtful elements of coincidence and error, it is reasonable to assume that this procedure was intentional and for a questionable purpose.

Schedule 4A and Footnotes to Schedule 4A indicate:

1. Certain duplicate claims were missing from the Accounting Division's master and office claim files.
2. In almost every instance, the missing claims were either payable to Barry Reuterdaahl or to the claimant reflected in Schedule 5.
3. The element of coincidence or error might account for an occasional missing or misfiled claim. The number involved here is beyond coincidence and clearly indicates that Edmund Reuterdaahl did not want his son's claims available for review or examination.
4. Missing or misfiled claims of an accidental nature would constitute an irregularity indicating laxness of office procedure and operation, but missing claims of a deliberate nature would appear to constitute a violation of Section 94-1501 (6), R.C.M., 1947.

GENERAL SUMMARIES

In addition to the items related on the foregoing schedules, it is noted:

1. From a review of the State Auditor's outstanding warrant listings of warrants issued to various Divisions of the Department of Administration, and warrants listed on temporary deposit slips, the dates these warrants were issued and the dates they were deposited with the State Treasurer were sometimes over six months apart.

If not a violation of State law, this constitutes an extreme irregularity and laxness on the part of Edmund Reuterdaahl, who was entrusted with the transfer of State moneys.

This delayed depositing procedure appeared to provide an accumulation of warrants from other State Agencies which might singularly or by combination equal the amounts of warrants payable to Margie Reuterdaahl, for the purposes related in Schedule 2.

2. Two of Margie Reuter Dahl's warrants were charged as salaries and wages, however, no federal or state withholdings were deducted from her pay.
3. Entries in the books of record did not at times reflect the same information as the supporting documents. Instances of this were refunds being credited to one object code on the Treasurer's Receipt and another object code in the Accounting Division's claims and warrants register (journal).

This either indicates carelessness or an intended purpose of providing misleading information which would confuse the records and financial reporting.

4. Certain records which could have been useful in the completion of this examination were unavailable for review. Specifically, the permanent "Claims and Warrants Issued" registers or journals prior to July 1, 1964, were missing. Whether destroyed or merely misplaced, these public records should be available at all times for review and remain as a permanent and historic recording of the Accounting Division. These records were entrusted to and a responsibility of Edmund Reuter Dahl.
5. Mr. Edmund Reuter Dahl was the Director of the Division of Accounting in the Department of Administration. This Division is one of four making up the Department of Administration under the supervision of Ralph Kenyon, State Controller. The responsibilities and authority of Mr. Reuter Dahl's position, whether vested in him by Legislative implication, a previous Controller, the present Controller, or authority of himself, appeared to include the following:
 - a. Assisting the State Controller to establish policies and procedures for the financial operation of all State Agencies.
 - b. Supervising the financial operation of all State Agencies in order to insure compliance with established policies and procedures.
 - c. Establishing appropriation numbers to properly account for the expenditure of funds authorized State Agencies by the Legislature.
 - d. Supervising the final audit of all claims submitted to State Agencies.
 - e. Supervising the financial transactions affecting funds and appropriations of every State Agency and the reporting of these transactions and balances through the monthly "Controller's Reports".
 - f. Supervising approximately ten employees, although not having the authority of hiring or terminating employment.
 - g. Maintaining the various permanent records pertaining to the Department of Administration operation, such as the claims and warrants register, appropriations register, record of refunds, record of income, Treasurer's receipts, accounts receivable, etc.
 - h. Auditing and approving claims pertinent to the operation of his own and the other three Divisions of the Department of Administration.
 - i. Receiving all moneys for the services provided other State Agencies by the Department of Administration, which includes space rentals, telephone services, PBX services, gas and electric services, janitor services, IBM services, project engineer services, public employees blanket bond premium, for miscellaneous sales, etc. The Department of Administration provides a medium of central billing and collecting for these services for reasons of economy, control and uniformity. These services involve a substantial sum of money, all of which is channeled through the Accounting Division.
 - j. Depositing to the State Treasurer all moneys collected.
 - k. Recording all collections in the Department's permanent records.
 - l. Completing any financial reporting pertinent to the Department of Administration's own financial operations.

From this listing of duties and responsibilities, it can be seen that Mr. Reuterdaahl had a wide area of authority and control. It is, therefore, perceivable that Mr. Reuterdaahl, with his many years of experience in State affairs, his experience in different positions in the financial framework of the State and his probable knowledge of every facet of the State's financial structure, had not only the tools but the opportunity to conceive a plan such as indicated in this report.

Also, by this summary it can be seen that internal control, which is intended as a preventative of self-servicing, was inadequate in the Accounting Division. This, coupled with limited external review, therefore, provided opportunities for such self-servicing.

CONCLUSION

From the foregoing schedules, footnotes and summaries, it is concluded by this examiner that there has definitely been a loss to the State of Montana through the actions of Edmund Reuterdaahl, Director of the Division of Accounting, a subsidiary of the Department of Administration. Although the degrees of intention, coincidence or carelessness on Mr. Reuterdaahl's part in regard to these actions can only be surmised at this time, these schedules and explanations clearly indicate the existence of a defalcation. The following summary recapitulates the amounts involved and is separated according to that portion which is and is not within the period covered by the State of Montana Public Employees Blanket Bond, effective October 1, 1965, and subject to the Surety's final determination:

	Prior to Effective Date of Bond	Subsequent to Effective Date of Bond	Total
Schedule 1 - Warrants issued to Margie Reuterdaahl	\$ 1,600.00	\$ 8,550.00	\$ 10,150.00
Schedule 3 - Personal purchases by Edmund Reuterdaahl	116.29	108.69	224.98
Schedule 4 - Jury payments to Edmund Reuterdaahl	<u>140.00</u>	<u>-0-</u>	<u>140.00</u>
Subtotal	\$ 1,856.29	\$ 8,658.69	\$ 10,514.98
Schedule 1A - By testimony of Barry Reuterdaahl	<u>3,073.50</u>	<u>-0-</u>	<u>3,073.50</u>
Loss to the State of Montana	<u>\$ 4,929.79</u>	<u>\$ 8,658.69</u>	<u>\$ 13,588.48</u>

Every effort should be made by the State of Montana to recover the loss.

By testimony voluntarily given on September 12, 1967, in the presence of his attorney, Leo J. Kottas, Alfred B. Coate, Assistant Attorney General, Albert E. Leuthold, State Examiner, and myself, William D. Kuney, Deputy State Examiner, Barry Reuterdaahl stated that he had not received or benefited from all the claims and warrants filed or issued in his name as reflected on Schedule 1A - pages 27 and 28 of this report. He further stated that many of the signatures or endorsements on these claims and warrants were not his handwriting, which included those in Items 4, 5, 7, 9, 10, 11, 12, 13, 14 and 16 on Schedule 1A, amounting to \$3,073.50. Of the \$5,143.50 reflected on Schedule 1A, Barry Reuterdaahl stated that he had earned and received warrants amounting to \$2,070.00 during the period covered by this examination. Therefore, \$3,073.50 is included in the above summary as a loss to the State of Montana through the actions of Edmund Reuterdaahl.

Subject to the availability of documents and records, their condition, the lack of explanation regarding certain transactions by the principal involved, the amount stated above would then constitute the entire loss to the State of Montana.

The findings and conclusions reflected in this report are further supported by the voluntary testimony given by Margie and Edmund Reuterdaahl on June 10, 1967, in the office of the Attorney General. The testimony was given in the presence of Alfred B. Coate, Assistant Attorney General, Thomas J. Hanrahan, Lewis and Clark County Attorney, and Glen E. Mahoney, Court Reporter.

William D. Kuney
Deputy State Examiner

RECOMMENDATIONS

There appears to be a need for reorganization of certain phases of the Department of Administration's financial operation in order to provide greater internal control and a deterrent to possible self-servicing. The situation and elements leading to this situation, as previously presented in this report, are ample justification for this need.

1. Division of responsibilities:

As previously mentioned, one person approved all claims, eventually received all money, deposited all money, entered all transactions in the permanent records and provided any financial reporting. Within reasonable limits, the above duties should be divided among different personnel. The greater division of such duties, by virtue of the number of people involved, would lessen the possibility of self-servicing and collusion.

2. Revision of existing records:

The financial records used by the Accounting Division were somewhat confusing and in instances often incomplete, in the sense that without supporting documentation it was virtually impossible to understand a given transaction. While the person maintaining these records could in all probability explain them, they should be in such form and completeness so as to be easily understandable to anyone who examines them. Therefore, it is suggested that the form of existing records be revised and the information regarding transactions entered in these records be more explicit.

3. Establishment of a cash book:

Money, generally in the form of warrants from other State Agencies for services provided these agencies by the various divisions of the Department of Administration, flowing into the Accounting Division was not recorded in any record form other than possibly a temporary deposit slip. As evidenced previously in this report, many warrants received by the Division of Accounting had been held several months before being deposited. This is contrary to good accounting procedures in regard to the safeguard of public moneys.

Therefore, the establishment of a form of cash book is recommended. Each cash item would be entered, immediately as received, in this record. It could include such information as the date received, receipt number - if any, source, whether income or refund of expense, fund and/or appropriation credited, if a refund - object code refunded, and posting reference if the items are entered in other records. In addition, the Treasurer's Receipt number could be included as part of each entry in the cash book, or an alternative of reconciling the total cash items received for the month as entered in the cash book, with the total Treasurer's Receipts for deposits made during the month. Either or both alternatives would indicate, for purposes of audit or review, whether cash received was being deposited timely.

4. Make-up of deposit slips:

In many instances the temporary deposit slips which accompanied deposits to the State Treasurer included no identification such as warrant or check number and the source of the warrant or check.

Although, as the name implies, this is a temporary document, it should include enough information to provide a clear audit trail. Therefore, it is recommended that the temporary deposit slip include both the number and source of any warrant, check or negotiable document included in the deposit.

5. Official cash receipts:

Sales of miscellaneous items such as flags, used furniture, equipment, building material, etc., were noted throughout the period. Usually some explanation was given on the records indicating what the sale consisted of. Often the proceeds of these sales have been in currency or coin. However, only recently was a form of receipt used for these miscellaneous sales, and this was a common type receipt available in stores. It is recommended that an official form of receipt be acquired which reflects the name of the Department of Administration and provides a prenumbered sequence of receipt numbers. These should be issued to all individuals presenting money for any purpose to the Department of Administration. The receipt number, along with the amount, should be entered in the cash book previously suggested.

RECOMMENDATIONS -- continued

6. Itemization on Department claims:

From the extensive review of claims submitted to all Divisions of the Department of Administration, claims which had insufficient itemization were frequently noted. Such items as dates of service, explanation of service or product, unit price or rate, etc., were often inconclusive. Therefore, it is suggested that Department policy require all claims to reflect adequate unit itemization to fully explain the transaction, not only to Department personnel but to outside personnel who have reason to review these claims.

7. Approval of Department claims:

The Division Accountant approved, by signature in ink, all claims pertaining to any Division of the Department of Administration. Also, the State Controller's approval was reflected by use of a rubber stamp on each claim. It is the understanding of this examiner that the approval stamp had been applied by someone other than the present State Controller.

It is recommended that in the interest of expenditure control, the final review and approval, preferably by signature in ink, rest with the State Controller. If this is not feasible because of work load, then at least periodic reviews of selected claims should be made by the Controller to determine if compliance with established claim policies is evident. If someone other than the Controller approves these claims, this employee should have no interest in making any entries or maintaining any records relating to such claims.

The Department of Administration consists of four Divisions; therefore, it would also seem desirable to have initial approval by the pertinent Division supervisor on these claims.

8. Flow and initial recording of claims:

In the interests of better expenditure control, it is recommended that all claims be recorded as received from the claimants -- prior to transfer to the corresponding Division for processing. This procedure would establish on record when each claim was received and whether its processing was pending or final. Such a record could be integrated with those suggested in No. 2 - "Revision of existing records".

9. Accounts receivable system and procedures:

As previously noted, the Divisions of the Department of Administration provide various services to other State Agencies. These services amount to a substantial amount of money each year. While a semblance of an accounts receivable system has been maintained for some of these services, it has not been as complete nor systematic as would seem desirable for an operation of this extent.

It is, therefore, recommended that a more complete and systematic accounts receivable system be established. Such a system might employ a consistent and uniform billing procedure, an individual account for each agency served, a master control account for each type of service, and a provision for reference to a charge document and to a corresponding payment as entered in the cash book previously recommended. A more systematic procedure would provide a better audit trail for subsequent examinations.

10. Departmental inventory:

Updating the Department's inventory records and system with policy and procedural guidelines would be desired and advisable in terms of good property accounting. Such records and system should provide information such as date of purchase, description, cost, serial numbers - if any, and Department item numbers for purchases of all property items. The arrangement by item numbers could establish the location of each property item within the various departments of the Department of Administration. A system such as this, accompanied by periodic physical counts would appear to provide a reasonably adequate property accounting and control.



RECOMMENDATIONS -- continued

11. Utilization of IBM for record-keeping:

In view of the availability of IBM services, it is suggested that the use of IBM be considered for any of the previously mentioned records or record-keeping, except the initial recording of money and claims. It further could include an inventory of capital assets and vacation and sick leave records. Such utilization of IBM services could streamline the Department's operation and relieve the work load on key personnel.

12. Postage reimbursements:

Occasional claims for reimbursement of Department personnel for postage were noted. These claims provided no unit itemization and generally were for flat amounts of \$10.00 or \$20.00. With postage meters and postal facilities in the immediate building, it would seem unnecessary for any employee to use his own money for this purpose. It is, therefore, suggested that this practice be discontinued.

The foregoing recommendations are neither intended as compulsory nor necessarily the best answer for a given circumstance, but merely as possible solutions to deficiencies which were recognized during the course of this special examination.

While this examination was being completed, it was noted that the State Controller, Ralph Kenyon, had already effected many of the changes necessary to provide for better internal controls within the framework of the Accounting Division and other Divisions of the Department of Administration.

William D. Kuney
Deputy State Examiner

